



Market in a Minute

March 19, 2019

Index Performance: As of Mar. 15, 2019

Index	Price	Last Week	YTD
Dow Jones 30	25848.87	1.6%	10.8%
S&P 500	2822.48	2.9%	12.6%
NASDAQ	7688.53	3.8%	15.9%
Russell 2000	7764.63	2.1%	15.5%
Russell 2000 Growth	7093.11	2.4%	17.7%
Russell 2000 Value	11431.65	1.8%	13.2%
Russell 1000 Growth	1472.43	3.2%	14.8%
Russell 1000 Value	1597.43	2.6%	12.3%
Shanghai SE Index	3164.79	1.7%	21.2%
SPDR Gold Shares	122.97	0.1%	1.4%
GS Crude Oil Total Return	6.59	5.6%	37.6%
Powershares US \$ Index	25.8	-0.7%	1.4%
Ishares EAFE Index	65.22	2.8%	11.0%
iShares Barclays 20+ Yr Treasury Bond	121.75	0.1%	0.2%
Utilities Select Sector ETF	58.19	1.1%	10.0%
Vanguard REIT ETF	85.76	2.3%	15.0%
iShares Mortgage Real Estate	43.74	1.7%	9.5%
Wells Fargo BDC	19.74	0.9%	11.6%
Alerian MLP ETF	9.89	1.3%	13.3%
iShares Global Telecom	56.65	2.9%	12.9%
ETFMG Alternative Harvest ETF	37.35	4.7%	49.8%
BitCoin Investment Trust	4.66	-4.1%	17.7%

Source: Bloomberg & Yahoo.com, Returns are appreciation only.

S&P Sector Performance: As of Mar. 15, 2019

Index	Price	Last Week	YTD
Information Technology	1281.64	4.9%	17.7%
Consumer Disc.	874.67	2.6%	11.9%

A Word on the Market by Pat Adams, CFA

This week the Federal Reserve meets and will have a press conference on Wednesday. We do not expect to hear anything new, no rate increases this year is what the market expects, with the U.S. Economy performing not too hot and not too cold, the international economies in a slow state to negative growth for some countries, and the Fed will get a lot of questions about their balance sheet.

We believe the Fed will give some indication that it will stop the balance sheet reduction of by year-end. As they continue to drain \$50 billion per month out of the financial system this limits the upside of the market. In general, we believe the press conference will be seen as a net positive.

On Friday, Existing Home Sales are reported, we should see a little bit of an uptick for the first time in a while. Why this is important is the market wants to see an improving economic trend in the second half of the year to sustain an upward rally in the stock market.

The market is grumbling about when is the next recession, and what the multiple for stocks should be given we are somewhere near the end of this economic cycle. The current expectation for 1st quarter earnings for the S&P 500 is for -3.6% growth and for the full year a positive 3.8%, so an improving trend is needed.

We believe, for political reasons on both sides, and perhaps a little better working relationship recently with Trump and Pelosi, an infrastructure bill will be introduced that will add significantly to GDP growth in 2020 (obviously a big election year). We believe, some of the economically sensitive stocks should start to do better.

A China trade deal seems to be actually emerging, the most critical aspect, the intellectual property issues seem to be getting resolved...we are surprised, and anything could still happen, but in the next several weeks we may see this issue resolved!

Consumer Staples	567.16	2.2%	8.7%
Health Care	1065.44	3.2%	6.5%
Financials	442.54	3.0%	11.7%
Industrials	624.31	0.3%	15.2%
Energy	484.84	3.2%	14.3%
Communications Services	158.56	2.3%	14.2%
Utilities	295.41	1.8%	10.0%
Materials	347.35	1.7%	9.8%
Real Estate	220.13	2.2%	14.5%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	2.25-2.50	5-Year	2.40
3-Month	2.45	10-Year	2.59
6-Month	2.52	30-Year	3.02
2-Year	2.43		

Source: Bloomberg.com

Economic Events This Week

19-Mar	Factory Orders m/m	0.3%	0.1%
20-Mar	Federal Funds Rate	<2.50%	<2.50%
21-Mar	Philly Fed Manufacturing Index	6.1	-4.1
21-Mar	Unemployment Claims	226K	229K
21-Mar	CB Leading Index m/m	0.1%	-0.1%
22-Mar	Existing Home Sales	5.10M	4.94M
22-Mar	Federal Budget Balance	-229B	8.7B

Source: Briefing.com

Economic Events Last Week

Date	Event
11-Mar	Retail sales rose 0.2% in January, led by home centers and Internet stores
11-Mar	Core retail sales rose 0.9% in January compared to a 0.4% forecast

All this should give the market enough cover to not fall significantly. We really do want an infrastructure bill and if the market starts to hear some positive developments it could go back to the old highs of around 2930 on the S&P 500.

At this point, as we mentioned last week, a clear Head and Shoulders pattern is developing, and we are currently thinking the S&P 500 tires out around the 2870 level. We would go back to a defensive posture below 2800, the 20-day moving average is currently 2790.

In terms of some individual stocks, we continue to like the 5G theme with NOK as our favorite long-term theme, with T and CTL as our service providers or pipes. We are also focused on other ways to play 5G such as QCOM, MRVL, and INTC. More to follow...

In the consumer space our highest confidence long-term stock is TGT, they are doing all the right things and AMZN should be a potential buying.

Energy or oil should continue to improve, and Venezuela concerns could continue to push prices up. We really like APC for specific company reasons.

Please let us know if you would like to discuss.
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12-Mar	CPI rises 0.2% in February, but yearly increase slows to 1.5%
13-Mar	Durable-goods orders reported at - 0.1% in January against a forecast of 0.1%
13-Mar	Producer price index up by 0.1% from a previous decline of 0.1%
14-Mar	Initial jobless claims rose by 6,000 to 229,000 in the week leading up to March 9 th
15-Mar	Prelim consumer sentiment index moved higher in March rising to 97.8 from 93.8 in the prior month
Source: Briefing.com	

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